



**PIKE CREEK COMMON SEWER DISTRICT
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-03
January 14, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following problems were discovered as a result of an audit conducted by our office of the Pike Creek Common Sewer District.

The district has recently completed Phase I of sewer construction. The district received numerous complaints from landowners of inadequate clean-up work performed on various construction sites. The district did not require the contractor to videotape each construction site during Phase I, as required in the bid specifications and construction contract. Video taping could have helped resolve some of the complaints regarding the clean-up work. The district should monitor the clean-up work and ensure all work is completed before the contractor's performance bond is released.

The district has not adopted formal written procedures for obtaining easements from landowners for sewer construction across private property. The district informally established guidelines for negotiating amounts paid for easements not donated; however, the district did not always follow these guidelines resulting in more money being paid for easements than required.

The board did not formally document approval of various changes to the original construction plan, including:

- An additional sewer line was constructed at a total cost of approximately \$16,000 to property owned by a trust in which a board member and his brother are trustees.
- An additional sewer line was constructed across the property of a former sewer board member. This line did not serve any customers during Phase I of the sewer construction.
- An annexation vote was approved in April 2001. The annexed area was subsequently added to Phase I but the board did not document approval of the specific landowners who were added to Phase I.
- An apartment complex was hooked up to district sewer in January 2001 that was originally located outside district boundaries and was not annexed into the district until April 2001. In addition, a business currently not within district boundaries was hooked up in June 2001. Board approval to provide services to these entities could not be located.

(over)

YELLOW SHEET

The original site of the sewage lagoon which was in the planning stage for about two years, was abandoned in November 1998 because of controversies regarding its location. In December 1998, the district entered into an option to purchase a different site for the lagoon. This option was exercised in November 1999 to purchase 25 acres of land for \$100,000. The board did not obtain an appraisal of this land prior to entering into the purchase option. The district later obtained an appraisal in September 2000 which valued the land at \$51,900. In addition, because the lagoon was located on a wetland site, the district was required to purchase a similar amount of wetlands to be preserved by the federal government, which cost the district an additional \$4,800. District officials indicated other sites were considered after abandoning the original site, but the district did not document which sites were considered or reasons for selecting the current site.

The district does not have a formal policy regarding public access to district records. The district's policies for charging residents for copies of district records may not comply with the Sunshine Law, and in at least one instance, the district charged an excessive amount to provide copies of records to an individual. In November 2001, a district resident requested certain district information, was provided eight pages of information, and was billed and paid \$549 to the district. The bill included \$225 for the CPA's services, \$175 for legal fees, \$134 for district personnel services, and \$15 for photocopy fees. The fee of \$549 for providing eight pages of information appears very excessive.

The sewer board has not enforced its shut-off procedures for customers that have not paid their sewer bill. As of August 3, 2002, the water district reported that approximately \$11,950 was due from sewer customers, including delinquent penalties. Much of this amount is due from approximately 12 customers who have never paid any sewer fees since being hooked up to the sewer system.

The audit also includes some matters related to board members' duties, board meetings and minutes, budgets, bank accounts, and billing procedures, upon which the district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

PIKE CREEK COMMON SEWER DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Trustees
Pike Creek Common Sewer District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Pike Creek Common Sewer District. The district had engaged Kraft, Miles & Tatum, LLC, Certified Public Accountants (CPAs), to audit the district for the year ended December 31, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Pike Creek Common Sewer District.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

September 9, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Gary Boehmer, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PIKE CREEK COMMON SEWER DISTRICT
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1. Sewer Construction and Easement Concerns

The district has recently completed Phase I of sewer construction. Our review noted concerns regarding the construction contractor's clean-up work on construction sites, lack of procedures regarding easement acquisition, and lack of board approval for changes to the original construction contract, as follows:

- A. The district received numerous complaints from landowners of inadequate clean-up work performed on various construction sites. As a result, a "punch list" of clean-up work has been prepared which the construction contractor has agreed to complete. The district is presently holding the contractor's performance bond while the contractor completes the clean-up work on the punch list. The district should continue to monitor the clean-up work to ensure all work is completed before the bond holding period expires.

The district did not require the contractor to videotape each construction site during Phase I, as required in the bid specifications and construction contract. Videotaping each site before construction begins along with noting the construction requirements and landowners' needs would help assure the construction process was performed properly. This also may have aided in settling the landowners' concerns regarding site clean-up.

- B. The district has not adopted formal written procedures for obtaining easements from landowners for sewer construction across private property. The district informally established guidelines for negotiating lineal-foot payment amounts for easements not donated; however, the district did not always follow these guidelines resulting in more money being paid for easements than required. While many landowners donated easements to the district, some landowners were paid above the established lineal-foot amount. In some cases, the district paid more than \$2,500 per landowner, the maximum allowed by the federal Uniform Relocation Act when no appraisal is obtained.

To ensure that all landowners are treated equitably in the easement process, the board should adopt formal written guidelines and policies for the negotiation of easement acquisitions and ensure these policies comply with the Uniform Relocation Act.

- C. The board did not formally document approval of various changes to the original sewer construction plan, as follows:

- (1) An additional sewer line was constructed at a total cost of approximately \$16,000 to property owned by a trust in which a board member and his brother are trustees. This line had to go across two other parcels, and while one landowner donated an easement, the district paid the other landowner \$1,095 for an easement. This additional line was constructed in exchange for an easement on the trust-owned property because the district re-routed a main line across the trust-owned property. This additional line currently is not used and serves no customers, and while district officials indicated the line would be used for future development, there appears to be no immediate plans to develop the property served by the additional line.
- (2) An additional sewer line was constructed across the property of a former sewer board member. This line did not serve any customers during Phase I of sewer construction. District officials indicated this line will be completed and will serve customers during Phase II construction.
- (3) An annexation vote was approved in April 2001, which added additional properties within the district's boundaries. This area was not originally included in Phase I construction plans but was subsequently added to Phase I upon approval of the annexation. However, there is no board approval documenting which landowners in the newly-annexed territory were added to Phase I.
- (4) An apartment complex that was originally located outside district boundaries was hooked up to the district sewer in January 2001, but was not annexed into the district until April 2001. In addition, a business currently not within district boundaries was hooked up in June 2001. State law allows the district to provide services to entities located outside the district; however, board approval to provide services to these entities could not be located.

Significant changes to the original construction plans should be adequately documented and formally approved by the board. This is especially important for the changes described above which involved parties related to the governing board of the sewer district.

WE RECOMMEND the Board of Trustees:

- A. Monitor the progress of the clean-up work and ensure the work is completed prior to releasing the contractor's performance bond. In the future, the board should require contractors to adhere to all terms of the bid specifications and construction contract.
- B. Establish written procedures for easement negotiation and acquisition that comply with applicable laws and regulations.

- C. Document and formally approve significant changes to original sewer construction plans.

AUDITEE'S RESPONSE

- A. *The Board concurs. The clean-up items have been largely completed at this time and the district has notified the bonding company of the items that remain. The Board has conferred with the current contractor and the engineer to ensure that properties in Phase II are being videotaped prior to construction.*
- B. *The Board will adopt an acquisition policy if needed, according to U.S. Department of Agriculture-Rural Development guidelines. It has been the intention of the Board to comply with the Uniform Relocation Act in the past and will continue to do so in the future.*
- C. *The Board will document and approve significant changes to construction plans and the provision for services outside the boundaries of the district.*

Regarding Parts 3 and 4, state law, specifically Sections 204.330 and 250.010, RSMo, provides that the district may provide sewer service outside its boundaries. The apartment complex that was connected outside the boundaries paid for all of their own installation costs and helped to dilute the costs to district residents by paying 48 minimum bills that would not have otherwise been available. The business connected provided all of the electric cable to the district treatment facility and pump station sites, saving the district nearly \$35,000 in construction costs. The Board will consider a written policy if the state statutes are not sufficiently clear.

AUDITOR'S COMMENT

- C. Our finding indicates state law allows the district to provide sewer services to properties located outside district boundaries. We are not questioning the board's authority to make these decisions but are recommending the board document its approval when sewer service is provided outside district boundaries.

2.

Lagoon Sites

Several concerns were noted regarding the district's purchase of land on which it located a sewage lagoon. These concerns included not obtaining land appraisals prior to purchase and overall lack of documentation of the planning for the purchase and consideration of alternative sites.

The original site of the lagoon, which was in the planning stage for about two years, was abandoned in November 1998 because of controversies regarding its location. The district apparently had not considered any alternative sites and had to act quickly to secure a new lagoon site.

In December 1998, the district entered into an option, signed by both parties, to purchase a different site for the lagoon. This option was to purchase 25 acres of land for \$100,000, pending completion of testing to ensure the site met applicable environmental requirements. The district exercised the option to purchase the land in November 1999. The board did not obtain an appraisal of this land prior to entering into the purchase option. The district later obtained an appraisal in September 2000 upon request of the state Department of Economic Development. This appraisal valued the land at \$51,900. In addition, because the lagoon was located on a wetland site, the district was required to purchase a similar amount of wetlands to be preserved by the federal government, which cost the district an additional \$4,800. Finally, the board agreed to provide up to 50 free sewer hookups to the seller of this land. While the board has not yet established the amount it will charge for hookup fees (which are typically charged to new users subsequent to completion of sewer construction), these free hookups could represent lost revenues to the district.

District officials indicated other sites were considered after abandoning the original lagoon site in November 1998. However, the district did not formally document which sites were considered or reasons for selecting the current lagoon site.

To provide assurance that a reasonable price is paid for land and that the best site is selected, the board should consider alternative sites and document all sites that were considered. Appraisals should be obtained prior to purchase for all potential sites under serious consideration. Documentation of all possible sites, estimated values and appraisals, and other information considered in the site selection process should be maintained and made available to the public upon completion of any future land purchase.

WE RECOMMEND the Board of Trustees consider alternative sites for future land acquisitions and obtain appraisals prior to purchase for any sites under serious consideration for purchase. Documentation of all pertinent information related to land purchases, including the reasons for selecting a particular site for purchase, should be maintained and made available to the public upon completion of the purchase.

AUDITEE'S RESPONSE

The Board concurs. The district had originally agreed to put its treatment facility on a 20-acre tract of ground near the convergence of Pike Creek and Business Highway 67. The purchase price of the property was to have been \$100,000. Due to some last minute complaints from property owners in an area near the proposed location, U.S. Department of Agriculture-Rural Development instructed the district to find a new site. The 25-acre tract was found on short notice, and was available for the same price. The amount was paid in contemplation of the time constraints to the district and the devaluation of the seller's home due to having the treatment facility in such close proximity. The appraisals of the lagoon site were valuations for pasture/farmland. There have not been any purchases of land for lagoon sites in the area to establish an accurate value for a lagoon development site. The Board considered several

locations prior to the initial proposed site. The U.S. Department of Agriculture-Rural Development was instrumental in the process.

In the future, the district will have appraisals performed prior to entering into purchase agreements, will consider alternative locations as needed, and will document decisions.

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| 3. Access to District Records |
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- A. The district does not have a formal policy regarding public access to district records. In addition, some records including original board meeting minutes are kept at the legal counsel's office, rather than at the district. Section 610.023, RSMo 2000, outlines policies the district must follow to allow public access to district records. These policies include the appointment of a custodian of records and making the identity and location of the custodian available upon request.

A formal policy regarding public access to district records would establish guidelines to ensure the district follows the Missouri open records law (Sunshine Law). In addition, the district should consider keeping all official records at the district's office.

- B. The district's policies for charging residents for copies of district records may not comply with the Sunshine Law, and in at least one instance, the district charged an excessive amount to provide copies of records to an individual. Section 610.026, RSMo 2000, requires the district to provide copies of records upon request and allows the district to charge a fee for providing copies. The fees for copying public records shall not exceed the actual cost of document search and duplication. The district currently charges residents \$1 per page for making copies of records which are readily available, such as board minutes; however, the district has not documented its cost of making copies and has not established written policies for document search and duplication fees.

In November 2001, a district resident requested certain district information, was provided eight pages of information, and was billed and paid \$549 to the district. The bill included \$225 for the CPA's services, \$175 for legal fees, \$134 for district personnel services, and \$15 for photocopy fees. District personnel indicated certain financial information was not entered correctly into the computer system and the CPA's assistance was needed to obtain the requested information.

The fee of \$549 for providing eight pages of information appears very excessive. Section 610.026, RSMo 2000, allows the district to charge for document search and duplication but does not appear to address legal fees. In addition, it does not appear reasonable for the district to charge for CPA services for basic revenue and expenditure information that should have been readily available. The district should review the amount charged and ensure only the documented costs of document search and duplication are charged to the resident. In addition, the

district should establish formal written policies that outline applicable document search and duplication fees that are based on the district's actual costs.

WE RECOMMEND the Board of Trustees:

- A. Establish written policies and procedures regarding public access to district records that comply with the Sunshine Law, including the appointment of a custodian of district records. In addition, the district should consider maintaining all official district records at the district office.
- B. Establish a formal written policy to establish document search and duplication fees that are based on the district's actual costs, as required by the Sunshine Law. In addition, the district should review the \$549 charged to the resident for eight pages of information and ensure only the actual costs for document search and duplication are charged.

AUDITEE'S RESPONSE

- A. *The Board concurs. The district currently complies with the Sunshine Law and has appointed a custodian of the district records.*
- B. *The Board concurs. The district will establish a written policy to establish document search and duplication costs.*

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| 4. Board Members' Duties |
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The district's bylaws require that specific board members be appointed and serve as secretary and as treasurer; however, the board members appointed to these positions are not performing some of the duties assigned to these positions. The bylaws require the board treasurer to be the custodian of all the financial records of the district and the board secretary to prepare minutes of the board meetings and be the custodian of the minutes. However, the district's bookkeeper maintains all district financial and bank records, and the district's legal counsel prepares board minutes and maintains the original minutes at his office.

The district pays its legal counsel \$125 per hour for attending meetings and preparing meeting minutes while the bylaws do not provide for any compensation to be paid to board members. Board members have indicated that the legal counsel is needed to attend the board meetings and to take the minutes because of the many legal problems associated with the establishment and development of the district. However, to save on the cost of preparing the minutes, it would appear reasonable for the board secretary to take the minutes and the legal counsel to review the minutes prior to the reading of the minutes. Whatever decisions are ultimately made, the district's bylaws, employment contract with the bookkeeper, and legal services contract should be amended as necessary to reflect the actual duties of each individual.

WE RECOMMEND the Board of Trustees review the bylaws and ensure the board secretary and treasurer are performing the duties assigned to them. The board should review the need for compensating its legal counsel to prepare meeting minutes and amend the bylaws, bookkeeper's employment contract, or legal services contract as necessary.

AUDITEE'S RESPONSE

The Board concurs. The Board will review and amend the bylaws and/or contracts as necessary.

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| 5. Board Meetings and Minutes |
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A. The district does not follow its bylaws regarding the calling of special board meetings. The bylaws require a minimum of five days written notice to board members for any special board meetings called; however, district personnel indicated that five-day notice has not always been given for special meetings that have been called. The board should follow its bylaws when calling special meetings or consider amending its bylaws.

B. The board held closed session meetings in July and December 2001 to discuss personnel matters; however, the board did not document how some of the matters discussed complied with the state law governing closed meetings. The matters discussed at the meetings included district operation and maintenance expenses and the need to hire additional personnel, a planned vacation for the district bookkeeper, and the need to close the district office for a holiday.

Section 610.022(3), RSMo 2000, allows for closed sessions to discuss the hiring, firing, disciplining, or promoting of specific employees when personal information about the employee is discussed or recorded. The matters discussed by the board as described above do not appear to meet the restrictions on closed meeting subject matters in accordance with state law.

WE RECOMMEND the Board of Trustees:

A. Follow its bylaws when calling special meetings by giving written notice to each board member not less than five days prior to the meeting.

B. Discuss only those matters in closed sessions as allowed by state law.

AUDITEE'S RESPONSE

A. *The Board has followed the Sunshine Law in calling special meetings and will amend the bylaws to conform with the Sunshine Law.*

B. *The Board will conform with the Sunshine Law regarding closed meetings.*

- A. The district's budgets do not include all anticipated revenues and expenditures and do not present a complete financial plan for the district. The budgets for 2000 and 2001 only included sewer construction revenues and expenditures and did not include normal operating revenues and expenditures. The budget for the year ended December 31, 2002 included normal operating revenues and expenditures. In addition, the budgets did not include certain information required by Section 67.010, RSMo 2000. The budgets did not contain a budget message describing the important features of the budget and major changes from the preceding year; a comparative statement of actual or estimated revenues and expenditures for the two preceding years; nor a general budget summary.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor the district's financial condition by periodically comparing budgeted amounts to actual revenues and expenditures.

- B. In connection with the issuance of \$2.4 million in revenue bonds in December 2000, the district has not established certain accounts required by the bond covenant. The district has not established a Bond Account into which monthly deposits should be made, equivalent to the amount of bond principal and interest payments due semi-annually. In addition, the district has not established a Bond Reserve Account into which monthly deposits of \$1,179 shall be made beginning December 2001, until the account balance reaches \$141,480. The bond covenant also calls for the establishment of other accounts, including a Bond Redemption Account and an Extension and Improvement Account into which operating surpluses shall be allocated by board order from time to time.

To ensure compliance with the bond covenant, the board should establish the required accounts and set aside the required funding amounts.

- C. The board has \$2,691 in two escrow accounts in two different banks. These accounts were opened when the district was first established and monies were borrowed from the banks for start-up operating purposes. These accounts have been opened for several years, are no longer used, and should be closed. It appears the monies from these accounts should be transferred to the general operating account.

WE RECOMMEND the Board of Trustees:

- A. Prepare annual budgets in accordance with state law and periodically compare actual revenues and expenditures with the budgeted amounts to monitor the financial condition of the sewer district.

- B. Establish the required accounts in accordance with the bond covenant and deposit the required amounts into these accounts.
- C. Close the escrow accounts not currently used and transfer the amounts held in the accounts to the general operating account.

AUDITEE'S RESPONSE

- A. *The Board concurs. The Board will prepare annual budgets and compare them to actual financial figures to monitor the condition of the district.*
- B. *The Board concurs. The Board will make sure that the required bond accounts are opened and funded. The Bond Reserve Account will be opened and funded by December 2002.*
- C. *The Board concurs. The board will close the escrow accounts immediately.*

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| 7. Billing and Collection Procedures |
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Sewer billing and collection is performed by Public Water Supply District No. 1 under a contractual agreement. The water district prepares and sends the sewer bills, collects the fees from customers, and deposits amounts collected into the sewer district's bank account. The water district prepares a monthly report of amounts billed to each customer, total deposits made, and cumulative delinquent balances for each applicable customer.

Our review of billing and collection procedures noted the following concerns:

- A. The district does not have adequate procedures to monitor new sewer hookups and ensure all new customers are billed on a timely basis. The district generally relies on the water district to bill new sewer customers, based on the assumption that new sewer customers will also become new water district customers. However, some multiple dwelling units, such as apartments and trailer parks, operate on one water meter, and therefore, additional sewer hookups in these units may not be detected on a timely basis.

For example, a sewer customer and current sewer board member who owns an apartment complex is currently paying for 17 sewer hookups. In March 2002, he informed the sewer district in writing that four additional apartments were being added for sewer service, and he has subsequently added eight more apartments to his complex. District personnel indicated the water district was notified of the new apartments but no additional sewer billings were made by the water district because names and addresses of the new customers were not given to the water

district. In addition, a trailer park has not been billed for sewer service on a timely basis, mainly because the district has been unsuccessful in obtaining information from the trailer park owner regarding the number of units located in the park.

To ensure that all customers are properly billed and to ensure equity among users, the district should adopt procedures to monitor all new sewer hookups, especially in multiple dwelling units, and work with the water district to ensure all new sewer customers are billed on a timely basis. If the owners of multiple dwelling units do not provide the necessary information to the district, the district should adopt a policy to bill the maximum number of connections on the unit until the proper information is obtained.

- B. The sewer district does not have procedures to reconcile total billings, payments received, and amounts remaining unpaid. The district receives the monthly reports described above from the water district; however monthly reconciliations are not performed to ensure beginning receivable balances plus total billings less total collections equals ending receivable balances.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- C. The sewer board has not enforced its shut-off procedures for customers that have not paid their sewer bill. The contractual agreement allows the sewer district to request the water district to perform shut-off procedures for non-payment of sewer bills. As of August 3, 2002, the water district reported that approximately \$11,950 was due from sewer customers, including delinquent penalties. Much of this amount is due from approximately 12 customers who have never paid any sewer fees since being hooked up to the sewer system. Delinquent notices have been sent to these customers.

To ensure the collection of all sewer fees and to ensure all customers are treated equitably, the board should take measures to collect all delinquent accounts, including the enforcement of its shut-off procedures.

It appears the above concerns could be corrected or resolved by working with the water district and amending the contract to address these concerns.

WE RECOMMEND the Board of Trustees work with the water district to:

- A. Adequately monitor new sewer hookups and ensure all new sewer customers are billed on a timely basis.

- B. Perform monthly reconciliations of sewer billings, collections, and receivables to ensure the accounting records are in balance.
- C. Ensure adequate measures are taken to collect delinquent accounts, including the enforcement of shut-off procedures.

AUDITEE'S RESPONSE

The Board concurs. The Board will continue to monitor sewer hookups and billing, and enforcement of shut-off procedures is already in place. The Board has already taken action on collection of past-due accounts and is enforcing its shut-off procedures as of November 2002.

OVERALL RESPONSE BY BOARD MEMBER DUANE SIMON

The Board of Trustees of the Pike Creek Common Sewer District met on November 21, 2002, in closed session to prepare responses to the findings of the State Auditor. During that meeting, the board drafted responses, and the four board members in attendance unanimously agreed to concur with each finding and recommendation. However, these responses were not submitted to the State Auditor. On the next day, the Board President, who attended the November 21, 2002 meeting, requested the board to revise its responses. Attempts were made to get all five board members to unanimously agree to revised responses; however, I did not approve the responses that were ultimately submitted to the State Auditor. I want to go on record that as a member of the Board of Trustees of the Pike Creek Common Sewer District, I do accept the findings of the State Auditor without exception and I do not agree with many of the explanatory comments provided to the State Auditor in the board's responses.

This report is intended for the information of the management of the Pike Creek Common Sewer District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PIKE CREEK COMMON SEWER DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Pike Creek Common Sewer District, located in Butler County, was established in May 1997 through a circuit court order and is organized under Chapter 204, RSMo. The district covers over 6,000 acres immediately west of the City of Poplar Bluff and will serve approximately 1,500 customers when sewer construction is completed. Total construction costs are expected to exceed \$10 million. The district currently serves 637 customers. Operating revenues primarily consist of user fees charged to sewer customers.

Grant revenues totaling \$2.3 million and \$500,000 were awarded from the United States Department of Agriculture (USDA) and the Missouri Department of Economic Development, respectively, for completion of construction for Phase I. In December 2000, the district issued revenue bonds backed by the USDA totaling \$2.4 million with a maturity of 35 years to cover the remaining costs of Phase I construction. The district also borrowed \$100,000 in November 2001 from the Missouri Development Finance Board payable over a 20-year period. Phase II construction is currently in progress with funding of \$1.39 million in grant money and \$2.17 in loan money awarded from the USDA, a \$1 million grant awarded from the Missouri Department of Natural Resources, and a one-year bank loan of \$125,000 borrowed in January 2002.

The Board of Trustees consists of five members who serve five-year terms. Board members were initially appointed in May 1997 for terms ranging from one to five years to establish one vacancy per year thereafter. The district board members and bookkeeper at December 31, 2001, were:

| <u>Board Member</u> | <u>Term Expires</u> | <u>Compensation for the Year Ended December 31, 2001</u> |
|------------------------------------|---------------------|--|
| Patricia Jo Boyers, President (1) | April 2002 | \$ 0 |
| Gaylen Sanders, Vice President (2) | April 2006 | 0 |
| Sharron Payne, Board Secretary | April 2003 | 0 |
| Carrell Priest, Board Treasurer | April 2005 | 0 |
| Jim Pearl, Board Member | April 2004 | 0 |
| | | |
| <u>Other Official</u> | | |
| Carol Mitchell, Bookkeeper | | 24,305 |

(1) Duane Simon was elected in April 2002 replacing Patricia Jo Boyers. Jim Pearl currently serves as Board President.

(2) Resigned effective September 19, 2002, and Hal Jackson was appointed to the board.